



RDC

Annual Report 2006-2007

“ Realising potential and opportunity
in rural Northern Ireland ”

THE NORTHERN IRELAND RURAL DEVELOPMENT COUNCIL
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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General Information

Chairman	Caroline Breakey
Deputy chairman	Leslie Craig
Secretary	Brian Howe
Registered office	17 Loy Street Cookstown BT80 8PZ
Bankers	First Trust Bank 2/4 James Street Cookstown BT80 8LW
Auditors	Finegan Gibson Highbridge House 23/25 High Street Belfast BT1 2AA

Foreword

History

The Rural Development Council (RDC) was established in 1991 as an independent organisation under The Department of Agriculture's Rural Development Programme for Northern Ireland. As a key element of that programme the RDC exists to address the needs of rural society through ensuring that rural Northern Ireland makes a full and balanced contribution to the development of the region. The Minister for Agriculture and Rural Development approved the RDC's strategy for the period 2001-2007 in November 2001.

The RDC is a company limited by guarantee and has a current membership of 15. These company directors represent a broad sectoral and geographical mix of rural interest groups including rural communities, agricultural sector, Leader groups, local government, environmental interests, community banking and the private sector. The Minister for Agriculture and Rural Development appoints eight of these members.

Under the 2001-2007 Rural Development Programme (RDP), the RDC has evolved from being a deliverer of capacity building and support services to local people involved in rural regeneration to a deliverer of three distinct programmes:

- Local Regeneration projects and programmes for the community based not-for-profit sector
- A Rural Peace Programme
- A Policy and Rural Proofing/Baselining Programme

In addition to RDP funding, the RDC has received funding from the Special European Union Programmes Body (SEUPB), the International Fund for Ireland (IFI), The Community Fund and DARD public expenditure.

Statutory Background

The Northern Ireland Rural Development Council is a company limited by guarantee, without a share capital and reports to DARD under Department of Finance and Personnel (DFP) guidelines for Non-Departmental Public Bodies (NDPBs).

The accounts have been prepared under the Companies (Northern Ireland) Order 1986 and in accordance with the Accounts Direction issued by the Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel.

Directors

The following acted as directors of the Company during the year ended 31 March 2007.

Caroline Breakey (Chairman)
Brian Howe (Secretary)
Leslie Craig (Deputy Chairman)
Sidney Anderson
Monica Coyle
Arthur Mitchell
Dr Ruth McAreavey (appointed 21 Dec 05)
Stephen Huggett
Ian Buchanan
Gerard Lynch (retired 2 Apr 2006)
Glen Moore (retired 31 May 2006)
Alison McCullagh (retired 11 Dec 2006)
Kenneth Rankin
Herbie Francis (appointed 21 Dec 05)

Each of the members has guaranteed to contribute to the assets of the company in the event of the same being wound up to the extent of £1.

Principal activity

The delivery of support services to organisations that are involving people locally in planning regeneration projects that will meet real needs in disadvantaged rural communities.

Review of activities

The Balance Sheet on page 13 shows that the company had a fund deficit of £490,637 at 31 March 2007.

The Income and Expenditure Account on page 12 indicates that the company had incoming resources of £2,845,805 and bank interest of £11,252 in the year which exceeded outgoing resources of £2,747,421 by £109,636. The Statement of Total Recognised Gains and Losses on page 12 shows other recognised losses of £435,470 due mainly to the pension scheme. The net loss for the year is therefore £325,834 and this decreased funds (note 15).

As required by legislative changes, the company has adopted FRS17, the Accounting Standard on Retirement Benefits, for the first time for the year ended 31 March 2007. The valuation of the company's pension scheme at 31 March 2007, for the purposes of FRS17, showed a funding deficit of £591,000.

This deficit represents the difference between the liabilities of the pension fund and the value of its underlying assets; it does not represent an immediate cash commitment, as the cash flow required to meet the deficit relates to future pension contributions. Therefore, this liability is expected to arise over the long-term rather than in the immediate future. The valuation of the pension schemes assets under FRS17 is different from the triennial actuarial valuation which determines the pension contributions required to reduce the deficit. Current financial projections indicate that the Company will be able to make these contributions as they fall due.

Future developments

The Northern Ireland Rural Development Council will continue with the delivery of support services to organisations that are involving people locally in planning regeneration projects that will meet the real needs in disadvantaged rural communities.

Post balance sheet events

There were no material events affecting the company which occurred after the balance sheet date and up to the date of signing of these financial statements.

Research and development

The company is not involved in research and development activities.

Charitable donations

The company did not make any charitable donations during the year.

Disabled persons

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Fixed assets

Changes in fixed assets are set out in note 9 to the financial statements. The directors do not consider the historical cost of these fixed assets to be materially different from the current valuation.

Prompt payment policy

The Northern Ireland Rural Development Council is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

Employee involvement

Northern Ireland Rural Development Council implements its business strategy through its staff. In achieving business objectives the involvement of staff in planning and decision-making processes is key. Staff involvement is maximised through the combined use of, for example, organisation-wide briefings, directorate staff meetings, one to one staff meetings, project/improvement teams, and the operation of standard consultation processes.

Auditors

The Auditors, Finegan Gibson, have signified their willingness to continue in office.

Approved by the Board on 27th November 2007.

Brian Howe Secretary

Martin McDonald Accounting Officer

Foreword

Chairman's Foreword



The year under review continued to provide us with many challenges as we all work to secure a promising future for rural Northern Ireland. March 2006 revealed the results of the Review of Public Administration and this had obvious implications for RDC. While the full implementation of the recommendations in respect of local government has not yet taken place the health and education sectors have moved ahead with a major change agenda.

It was fortunate for us that we had anticipated and indeed welcomed the recommendation to shift delivery of rural development measures to local government. While the implementation of this recommendation is taking much longer than any of us would wish, it will nevertheless make the programme more customer-focused and responsive to local need. The establishment of a local Assembly in Northern Ireland has no doubt resulted in some re-evaluation of the model proposed but I hope those further deliberations will add value to the final implementation structures agreed by our elected representatives.

For us the Review of Public Administration has meant a major shift in our role and status from an agent of government to a broad partnership, acting still in support of government, but fully independent in terms of corporate structure.

Change poses many challenges for any organisation and I am very pleased that RDC has risen to the challenge and I would like to thank both my fellow Council members and all the staff for their co-operation and assistance in making this important transition happen. The RDC attainment of the Investors in People continues to play a significant part in enabling us all to grasp the opportunities offered by the Review.

Our relationship with the Department of Agriculture and Rural Development (DARD), while changing, will continue to ensure we work closely together to meet the objectives of the Northern Ireland Rural Development Programme as well as meeting our own corporate objectives.

Effective partnership working at both local and regional levels will be key to meeting the challenges that lie ahead. The hosting of Rural Life Week in 2006 provided an excellent showcase of how rural stakeholders had worked together to ensure rural Northern Ireland made a significant contribution to the development of the region as a whole.

Our relationship with the International Fund for Ireland (the Fund) developed significantly over the year and together we were able to co-finance many actions under the European Union Building Sustainable Prosperity and Peace Programmes, as well as piloting some actions assisted unilaterally by the Fund. The closing of the funding gaps for rural development activity will continue to be a marked feature of our joint actions in the years ahead as we all strive to secure a 'shared future' for rural constituents.

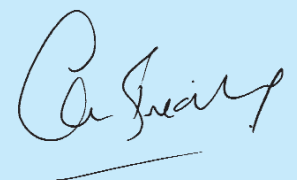
Our key policy interventions during the past year resulted in 17 detailed consultation responses, all highly significant in terms of shaping future rural development policy and delivery in Northern Ireland including responses on the DARD Rural Strategy and the Northern Ireland Rural Development Programme 2007-2013. Outside of DARD, across other government departments, it was also a year of big policy issues for people in the countryside. PPS14 and rural planning was a major topic of debate. Rates, water charges, roads, education, housing and post offices were also subject to consultation. Issues around the closure of small rural schools, access to services and mobility, support for young people, rural employment opportunities, rural transport and the role communities' play in providing social capital were all highlighted as significant factors for government to consider in relation to rural areas.

Once again RDC called for government to take a joined up approach to rural issues through DARD's championing function – but more importantly through the provision of a Rural White Paper for Northern Ireland. I am pleased to note that at the time of writing this review Minister Gildernew has outlined her intention to table such proposals with the Executive.

RDC feels that its new independent structure as a regional centre of expertise on rural issues can offer much needed support to the Minister and other rural stakeholders in the years ahead.

I take this opportunity to thank all my fellow Council members and staff for their dedication and hard work in what has been another challenging year for the organisation. During the year we were very pleased to gain two new Board members, Roy Hanna representing the community and voluntary sector and James Currie representing LEADER. I would also like to thank Glen Moore, who retired during the year for his many years of voluntary service to the Council and his personal support.

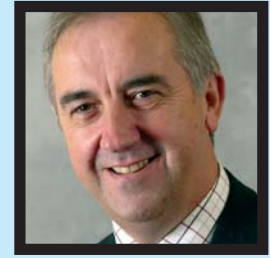
Finally it gives me great pleasure to present our Annual Report 2006-2007 which clearly demonstrates my Council's commitment to rural Northern Ireland and illustrates how we have achieved our objectives for the period under review.



Caroline Breakey
Chair
Northern Ireland Rural Development Council

Review

Chief Executive's Review



The year under review ended with a strong surge of confidence that we could make a fresh start in Northern Ireland and look forward to a brighter future as movement towards the establishment of a local assembly was well advanced.

As in any annual review the emphasis is on looking back over the year to comment on key achievements, challenges and changes. For us it is about reflecting on what has been done and what needs to continue if we are to bring about positive and sustainable change in our rural areas.

Rural development is about the social, economic, environmental and cultural progression of rural areas as places where people can live, work and recreate. It values rural people and places and seeks to find ways to sustain rural life for our farmers, businesses and communities.

RDC continued to provide support to a wide range of customers during the past year. In total around £9.4 million in grant aid was allocated from the European Union through the Peace and Building Sustainable Prosperity Programmes, with many of these projects being co-financed by the International Fund for Ireland.

I would like to take this opportunity to thank RDC staff who worked throughout the year to assist our clients implement their projects following a rigorous assessment process in partnership with RDC voluntary Board members. RDC received 276 applications for assistance throughout the year and paid out just under £2.7 million, ensuring we met our spend targets as set by the European Union. This achievement of spend ensured no funds were lost to Northern Ireland's rural areas and marked a significant achievement by RDC over the last number of years in meeting its obligations under EU and other funding Programmes.

During the year we witnessed many community achievements as projects were constructed and communities celebrated. We saw how new outdoor play facilities at the Discovering Kids Playgroup in the Loup made a significant difference to the children and parents of the area. We saw how enhanced community facilities in Eskra have turned a once run down community centre into a focal, vibrant community hub. We saw how the MED Partnership in Fermanagh engaged with farmers to improve disposal systems and encourage greater use of organic waste material. We saw how the Carntogher Community outside Maghera worked to sustain the local Post Office by combining services and establishing a small retail business as part of their community centre. These are only some examples of the many achievements made by local people during the year.

Job creation in Northern Ireland is a key government objective and RDC believes that the creation and safeguarding of jobs in rural areas is vitally important to the sustainability of rural communities. As an organisation whose focus is upon advancing rural development our key objective in this area is to continue to challenge government on its targets to promote and safeguard rural jobs. Nevertheless we have, through our programme delivery function, made a significant impact upon job creation over the year by creating 23 new jobs and safeguarding just under 300 existing jobs.

The role played by the rural retail sector was recognised by RDC through its Rural Retail Support Programme. Over the last year 72 rural retailers implemented a small project to help sustain their business operations. Rural retailers are, so often, the lifeblood for many rural communities and the range of services they provide at the local level makes a significant contribution to improving access to services for rural dwellers.

We were also delighted to announce a new relationship with Calor Gas in Northern Ireland. We worked together to bring the Calor Village of the Year Awards to Northern Ireland for the first time this year. We are excited by the prospect of participating continuing this village awards programme in future years.

Parallel to this private sector activity, RDC helped 87 community groups to implement a range of social economy projects throughout the year. This social enterprise activity is extremely important to the sustainability of rural Northern Ireland and acts as an important intervention in areas where the private sector is either weak or non-existent.

In August 2006 RDC introduced a new programme targeting existing rural halls provision. Recognising the important role these halls play in their area, the RDC established the Maximising Community Space Programme in partnership with, and funding from, the International Fund for Ireland and the EU Peace II Programme. The Programme was delivered in two phases with the first phase focusing upon development support to hall committees on management skills and 'Good relations'. The second phase provided financial assistance to successful communities in supporting the renovation of these valuable community assets. The Programme proved so successful that RDC introduced a second programme in early 2007 and is currently considering the development of a new cross border programme.

The year under review saw our pilot village renewal programme, Vibrant Villages, operating in Ballyhorman, Co. Down, Portballintrae, Co. Antrim and Dromore, Co. Tyrone, advance to a second stage. This programme was extended for one year to enable the participants to focus upon leadership and good relations work. RDC feels this pilot programme will bring important lessons to future village renewal activity under the new Rural Development Programme 2007 –2013.

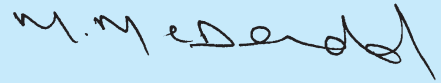
The delivery of public sector funds requires high levels of corporate governance and internal audit controls. I am pleased to report that RDC continues to achieve a clean bill of health from audit examinations and will continue to ensure good principles of risk management and audit control are embedded into the organisation.

The achievement of the RDC corporate objectives requires effort right across the organisation from both staff and Council members. I would therefore like to take this opportunity to thank them all

wholeheartedly for the tremendous contribution they have made to our achievements over the last year.

The year has not been without challenge. Since the review of public administration announcements at the start of this reporting period RDC has engaged in a major change management process. This has resulted in internal changes and staff movements. It also means further changes are ahead as we move into a new era and ultimately to our independence as an organisation. I am confident that RDC can rise to the challenges

that lie ahead. We have a highly motivated and energetic team who are ready to move into a new strategic period.



Martin McDonald
Accounting Officer & Chief Executive
Northern Ireland Rural Development
Council

Statement

Statement of Chief Executive and Directors' Responsibilities

Company law requires the Chief Executive and directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year. Additionally these accounts have to be in a form and on the basis determined by Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel including being on an accruals basis.

In preparing these financial statements, the Chief Executive and directors are required to:

- Observe the Accounts Direction issued by the Department of Agriculture and Rural Development including the relevant accounting and disclosure requirements
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation

The Chief Executive and directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. The Chief Executive and directors have a general responsibility to take steps that are reasonably available to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In addition, in appointing the Chief Executive of the Northern Ireland Rural Development Council as Accounting Officer for the company, the Accounting Officer of the Department of Agriculture and Rural Development has placed on the Chief Executive a responsibility for ensuring the regularity and propriety of the public finances, a requirement which is set out in the company's financial memorandum.

Statement

Statement on Internal Control

As Accounting Officer, I acknowledge my responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Rural Development Council's (RDC) Strategy approved by the Department of Agriculture and Rural Development, whilst safeguarding the public funds and the company's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the strategy and relating aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The company's internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting systems with an annual budget that is reviewed and agreed by members of the Executive and Audit Committee and Council
- Regular reviews by the members of periodic and annual financial reports that indicate financial performance against the forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment and control guidelines
- As appropriate, formal project management disciplines
- An Internal Audit Officer within the RDC provides an independent and objective opinion regularly to the Executive and Audit Committee on the Company's control and corporate governance

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the strategy and relating aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

We have carried out appropriate procedures to ensure that we have identified the company's objectives and risks. As a result, risk ownership has been allocated to the appropriate staff and the company has set out its attitude to risk and the achievement of the company's strategy.

The Executive and Audit Committee have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment report has been in place for the year ended 31 March 2007.

In addition to the actions mentioned above, the following processes have been applied in reviewing the effectiveness of the system of internal control:

- Completed Risk Assessment Workshops with the Senior Management Team and the Executive and Audit Committee.
- Developed a company Audit Plan, based on Risk identification and priority.
- Actioned and monitor company Audit Plan.

The Department of Agriculture and Rural Development has an internal audit unit, which, through a service level agreement, provides the RDC with an internal audit service. This internal audit unit operates to standards defined in the Government Internal Audit Manual.

The work of the internal audit unit is informed by an analysis of the risk to which the RDC is exposed, and annual internal audit plans are based on this analysis. At least annually the Head of Internal Audit provides me with a report on internal audit activity in the RDC. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the RDC's system of control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Executive and Audit Committee which oversees the work of the internal auditor, the executive managers within the RDC who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Martin McDonald
Accounting Officer
27th November 2007

Remuneration

Remuneration Policy

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The remuneration of all senior civil servants is entirely performance based. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

Further information about the work of the Review Body can be found at www.ome.uk.com

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Caroline Breakey was appointed on a three year contract commencing on 16th October 2000 which was renewed for a further three years on 16th October 2003.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Northern Ireland Rural Development Council do not have a Remuneration Committee in operation.

The one DARD appointed senior manager is remunerated on NICS salary scales and receives a salary of 1 day per week based on grade 5. The Council do not have a Senior Salaries Review Body.

Remuneration Policy

Name	Nominated by	Date Appointed	Date Appointment Expires	Action
Caroline Breakey	DARD appointment	16/10/2000 Appointed Chairman for further 3 years 01/12/2003	15/10/2007	Contract to be renewed

Senior manager performance is appraised on an annual basis in accordance with DARD policies and procedures.

Salary and pension entitlements

Name	2006-07		2005-06	
	Salary	Benefits in kind	Salary	Benefits in kind
Caroline Breakey	£7,805	Nil	£7,805	Nil
Martin McDonald	£70,840	Nil	£58,507	Nil

'Salary' includes gross salary; performance pay, bonuses or allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Council and thus recorded in these accounts. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. No remuneration was paid to the other Directors during the year.

Other points

- No pension contributions have been paid for any senior managers.
- There have been no significant awards or compensation paid to past senior managers.
- There have been no payments for compensation for loss of office paid or receivable made under the terms of an approved compensation scheme.
- There are no elements of the remuneration package which are not cash.
- There are no amounts payable to third parties for services of a senior manager.

Martin McDonald
Accounting Officer
27th November 2007

Report

Report Of The Auditors

We have audited the financial statements on pages 12 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 14.

This report is made solely to the company's members as a body in accordance with article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Executive, directors and auditors

As described on page 7, the Chief Executive and directors are responsible for the preparation of the financial statements and the regularity and propriety of the public finances. It is our responsibility to form an independent opinion, based on our audit on those statements and, in accordance with our instructions, on the regularity of the financial transactions included in them and to report our opinion to you.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and HM Treasury directions made thereunder. We also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report to you if, in our opinion, the Foreword is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the statement on page 8 reflects the company's compliance with HM Treasury's guidance on the Statement on Internal Control, and we report if it does not. We are not required to consider whether the Accounting Officers statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Forward, the unaudited part of the Remuneration Report, the Chairman's statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited.

It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions are in conformity with the authorities which govern them. In forming our opinion, we also evaluated the overall adequacy of the presentation of the information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by HM Treasury, of the state of the company's affairs as at 31st March 2007 and of its deficit for the year then ended;
- The financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by HM Treasury; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

We have no observations to make on these financial statements.

Finegan Gibson

Chartered Accountants and Registered Auditors
Highbridge House
23/25 High Street
Belfast BT1 2AA

27th November 2007

Income

Income And Expenditure

Income And Expenditure Account For Year Ended 31 March 2007

	Note	2007 £	2006 £
Income			
Grants receivable	2	2,823,384	2,518,784
Other income		22,421	630
		2,845,805	2,519,414

Expenditure

Grants paid	3	1,437,080	1,219,289
Administration costs	5	1,310,341	1,370,721
Total expenditure		2,747,421	2,590,010

Statement of Total Recognised Gains and Losses

	Note	2007 £	2006 £
Surplus/(deficit) for the financial year		109,636	(62,354)
Non cash (credit)/charges	6	(11,470)	(1,845)
Actuarial gain/(loss) on market value of the defined benefit scheme's assets and liabilities	17	(424,000)	(2,000)
Total recognised gains and losses for the year		(325,834)	(66,199)
Reserves at start of year		(164,803)	(98,604)
Reserves at the end of the year	15	(490,637)	(164,803)

Operating surplus/(deficit)	98,384	(70,596)
Interest receivable	11,252	8,242
	109,636	(62,354)
Tax charge on ordinary activities	-	-
Surplus/(deficit) for the financial year	109,636	(62,354)

All of the activities of the company are classed as continuing.

The notes on pages 14 to 19 form part of these financial statements

Balance Sheet

Balance Sheet As At 31 March 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	9	9,275	27,776
Current assets			
Debtors	10	160,850	200,800
Cash at bank and in hand	11	780,758	603,133
		<hr/>	<hr/>
		941,608	803,933

Creditors

Amount falling due within one year	12	(850,520)	(836,512)
Net current assets		91,088	(32,579)

Net assets excluding pension liabilities 100,363 (4,803)

Defined benefit pension asset/(liability)		(591,000)	(160,000)
Net assets including pension liabilities		(490,637)	(164,803)

Funds 15 (490,637) (164,803)

Approved on 27th November 2007 by:

Caroline Breakey Chairman

Brian Howe Secretary

Martin McDonald Accounting Officer

The notes on pages 14 to 19 form part of these financial statements

Cash Flow Statement

Cash Flow Statement For Year Ended 31 March 2007

	Note	2007 £	2006 £
Net cash (outflow) / inflow			
before returns on investments	11	192,845	127,975
Returns on investments			
Interest received		11,252	8,242
Net cash inflow			
from returns on investments		11,252	8,242

Investing activities

Payments to acquire tangible fixed assets	9	(9,009)	(9,803)
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Net cash (outflow) / inflow from investing activities (9,009) (9,803)

Decrease/(increase) in cash and cash equivalents 11 195,088 126,414

The notes on pages 14 to 19 form part of these financial statements

Notes

Notes To The Financial Statements

Notes To The Financial Statements For Year Ended 31 March 2007

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets to current costs. The directors do not consider the current cost of any of the year's transactions or closing balances to be materially different from the historical cost.

Basis of accounting

Income and expenditure are treated on the accruals basis of accounting.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and Accounting Standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel.

Grants paid

Grants are treated as paid if they have been authorised for payment by the members and paid prior to the year end.

Pension scheme

The Company operates a defined benefit pension scheme for its employees. Scheme funds are administered by independent trustees and are completely separate of the Company's finances.

Tangible fixed assets

Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life.

Fixtures and fittings	20% straight line basis
Computer equipment	33.3% straight line basis

Taxation

The Council, as a corporate body, is liable to corporation tax on its investment income. Provision is made for such a liability in any year where it arises.

Value added tax

The company is not VAT registered and as such the figures in these accounts are inclusive of value added tax where charged.

Funds

The Company operates the following types of funds:

• Restricted funds

For funds which were given to the Council for spending on specific purposes which are within the overall aims of the Council, over a period of more than one year.

• Core funds

For all other funds which are expendable by the members at their discretion in furtherance of the objectives of the Council, within the financial year.

2. Grant Income

	2007	2006
	£	£
Department of Agriculture and Rural Development (DARD)		
- Public expenditure monies	387,896	430,041
- Local Regeneration Programme	268,571	292,506
- Policy, Innovation and Research Unit	16,016	94,656
- BSP grants	1,388,914	1,242,851
	<hr/> 2,061,397	<hr/> 2,060,054
International Fund for Ireland		
- Making Connections Programme	2,615	-
- Administration	44,555	45,595
- Rural Retail Programme/Rural services	149,508	98,305
- Vibrant Villages	89,987	97,163
- Community Bridges	60,228	26,270
- Rural Service Centre Hubs	57,518	4,483
	<hr/> 404,411	<hr/> 271,816
Peace 2 Programme	357,576	186,914
	<hr/> 2,823,384	<hr/> 2,518,784

Grant-in-aid is received from DARD.

Notes

Notes To The Financial Statements

3. Grants Paid

	2007	2006
Department of Agriculture and Rural Development (DARD)		
- BSP Grants	1,387,406	1,216,647
Rural Service Centre Hubs	42,189	-
Peace II Programme	7,485	2,642
	<hr/>	<hr/>
	1,437,080	1,219,289

4. Staff costs

The average number employed by the company, including directors, was:

	No.	No.
Corporate Services	14	15
Operations	6	8
Policy and regional development Programmes	4	6
	12	8
	<hr/>	<hr/>
Total number employed	36	37

The costs incurred in respect of these employees were:

	2007	2006
	£	£
Wages and salaries	833,128	824,254
National insurance	62,996	65,664
Pension costs	85,593	59,106
Secondment and agency staff	12,328	27,014
	<hr/>	<hr/>
	994,045	976,038

5. Analysis of expenses

	2007	2006
	£	£
Wages and salaries	994,045	976,038
Consultancy fees	8,005	3,888
Programme promotional costs	25,575	85,472
Travel and subsistence	43,513	60,649
Staff training and development	59,720	49,107
Printing, publishing and stationery	9,387	17,524
Legal and professional fees	22,529	8,233
Feasibility studies, business plans and economic appraisals	-	17,935
Training for beneficiaries	16,646	9,543
Auditors' remuneration	7,523	7,165
Telephone and postage	12,995	19,066
Rent and rates	42,399	56,124
Light and heat	5,354	4,760
Insurances	4,431	8,536
Cleaning	3,317	4,022
Repairs and maintenance	6,752	4,551
Sundry expenses	7,312	5,345
Depreciation	27,510	28,433
Non cash charges (see note 6)	(11,470)	(1,845)
Repayment of funding	24,798	6,175
	<hr/>	<hr/>
	1,310,341	1,370,721

6. Non cash charges

	2006	2007
	£	£
Opening fund balance	(164,803)	59,396
Closing fund balance	(490,637)	(164,803)
	<hr/>	<hr/>
Average during the year	(327,720)	(52,704)
Charge/(credit) at 3.5%	(11,470)	(1,845)

Notes

Notes To The Financial Statements

7. Related party transactions

The NI Rural Development Council is treated as a Non-Departmental Public Body sponsored by the Department of Agriculture and Rural Development. During the year, there were various material transactions at open market value with the Department which is regarded as a related party.

None of the board members, members of the key management staff or other related parties has undertaken any material transactions with the NI Rural Development Council during the year.

8. Prior period adjustments

During the year the full provisions of FRS17 have been implemented, resulting in the inclusion of a defined benefit pension scheme liability in the balance sheet and an actuarial loss in the statement of total recognised gains and losses as an unrealised loss

Details of the prior period adjustments made as a result of this are given below.

	£
FRS17 pension adjustments	(160,000)
1st April 2006 prior period adjustment	(160,000)

9. Tangible fixed assets

	Building improvements	Fixtures & Fittings	Total
Cost:	£	£	£
As at 1 April 2006	63,524	482,368	545,892
Additions	-	9,009	9,009
As at 31 March 2007	63,524	491,377	554,901
Depreciation:			
As at 1 April 2006	63,524	454,592	518,116
Charge for year	-	27,510	27,510
As at 31 March 2007	63,524	482,102	545,626
Net Book Value:			
As at 1 April 2006	-	27,776	27,776
As at 31 March 2007	-	9,275	9,275

The directors do not consider the current values of fixed assets to be materially different from the net book values as shown above.

10. Debtors

	2006 £	2007 £
Grants receivable	141,015	195,220
Prepayments	19,835	5,580
	160,850	200,800

11. Notes to the cash flow statement

	2006 £	2007 £
Reconciliation of income and expenditure to net cash (outflow)/inflow:		
Operating (deficit)/surplus	98,384	(70,596)
Non cash transactions		
- Depreciation	27,510	28,433
- Non cash charges/(credits)	(11,470)	(1,845)
Movement in working capital		
- (Decrease)/increase in creditors (excluding overdrafts)	31,471	189,851
- (Increase)/decrease in debtors	39,950	(17,868)
Movement in pension scheme deficit		
- Current service cost	87,000	-
- Employer pension contributions	(74,000)	-
- Net return on pension scheme assets	(6,000)	-
Net cash inflow / (outflow) from operating activities	192,845	127,975
Analysis of changes in cash and cash equivalents during the year:		
Cash at bank and in hand balances at 1 April 2006	603,133	458,381
Overdraft balances at 1 April 2006	(21,928)	(3,590)
Net cash position at 1 April 2006	581,205	454,791
Increase/(decrease) in cash & cash equivalents	195,088	126,414
Balance at 31 March 2007	776,293	581,205
Comprising:		
- Cash at bank and in hand	780,758	603,133
- Bank overdrafts	(4,465)	(21,928)
	776,293	581,205

Notes

Notes To The Financial Statements

12. Creditors (amounts due within one year)

Bank overdrafts	4,465	21,928
Accruals	50,230	9,715
Grants received in advance	795,825	804,869
	<u>850,520</u>	<u>836,512</u>

13. Guarantee

The Council is a company limited by guarantee and not having a share capital.

14. Losses and special payments

There were no losses or special payments in the year (2006: £nil).

15. Funds

Balance as at 1st April 2006	(164,803)
Total recognised gains/(losses) for year	(325,834)
	<u>(490,637)</u>
Balance as at 31st March 2007	(490,637)

16. Contingent liabilities

DARD BSP Programme	2,978,720.21
DARD BSP Admin	317,773.72
DARD BSP Technical Support	163,684.42
Peace II Extension	5,152,000.12
Peace II Extension Admin	440,943.89
IFI	5,824,112.41
IFI Admin	235,588.24
IFI S/F Projects	538,060.00
	<u>15,650,883.01</u>

17. Pension Scheme

The Northern Ireland Rural Development Council participates in The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme (the "Scheme"). The Scheme is a multi-employer defined scheme. The Scheme is funded and is contracted out of the State scheme.

The last formal valuation of the Scheme was performed at 31st March 2004 by a professionally qualified actuary.

During the accounting period The Northern Ireland Rural Development Council paid contributions at the rate of 8.5%. Member contributions were at the rate of 6%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

The financial assumptions underlying the valuation were as follows:

	% pa
- Investment return on assets	6.3
- Rate of salary increases	4.4
- Rate of pension increases	2.9

The funding level (ratio of assets to past service liabilities) as at 31 March 2004 is 85%.

In order to address this deficit, minimum total contributions payable for The Northern Ireland Rural Development Council have been advised as:

Year ending	31.3.06	31.3.07	31.3.07	31.3.08
Contribution rate	8.5%	8.5%	11.0%	13.0%

The next valuation of the fund is due at 31st March 2007 the results of which are expected by December 2007.

As required by FRS17, the defined benefit liabilities have been measured using the projected unit method and disclosed on the balance sheet. The tables below state the FRS17 actuarial assumptions upon which the valuation of the scheme was based.

Notes

Notes To The Financial Statements

Financial Assumptions	31.3.07	31.3.06	31.3.05
	%	%	%
Rate of increase in salaries	4.7%	4.6%	4.4%
Rate of increase of pensions	3.2%	3.1%	2.9%
Rate of inflation	3.2%	3.1%	2.9%
Discount rate	5.4%	6.0%	6.5%
Scheme asset value	31.3.07	31.3.06	31.3.05
	£(000)	£(000)	£(000)
Equities	1,415	1,360	970
Bonds	265	200	170
Property	193	120	120
Cash	21	20	30
Total	1,895	1,700	1,280
Present value of scheme liabilities	(2,486)	(1,860)	(1,400)
Net Pension Assets	(591)	(160)	(120)

Expectation of return on scheme assets	31.3.07	31.3.06	31.3.05
Equities	7.8%	7.4%	7.7%
Bonds	4.9%	4.6%	4.8%
Property	5.8%	5.5%	5.7%
Cash	4.9%	4.6%	4.8%
Total	7.2%	6.9%	7.1%

Analysis of Amount Charged to Statement of Financial Activities	Year to 31.3.07	Year to 31.3.06
	£(000)	£(000)
Current Service Cost	87	91
Interest cost on scheme liabilities	(115)	(199)
Expected Return on Assets in the scheme	121	93
Net amount charged to Statement of Financial Activities	81	97

Analysis of Amount Charged to Statement of Total Recognised Gains and Losses	Year to 31.3.07	Year to 31.3.06
	£(000)	£(000)
Actual return less expected return on pension scheme assets	(21)	249
Experience gains on liabilities	(10)	4
Changes in assumptions underlying the present value of scheme liabilities	(393)	(255)
Total actuarial loss recognised	(424)	(2)

Movement in Surplus/(Deficit) during the year	Year to 31.3.07	Year to 31.3.06
	£(000)	£(000)
Deficit at the beginning of the year	(160)	(120)
Current service costs	(87)	(91)
Employer contributions	74	59
Net return on assets	6	(6)
Actuarial loss	(424)	(2)
Deficit at the end of the year	(591)	(160)

Movement in Surplus/(Deficit) during the year	Year to 31.3.07	Year to 31.3.06
	£(000)	£(000)
Difference between the expected and actual return on assets	(21)	249
Value of assets	11,895	1,700
Percentage of Assets	(1.1%)	14.6%
Experience Gains/(Losses) on Liabilities	(10)	4
Total Present Value of Liabilities	2,486	1,860
Percentage of the Total Present Value of Liabilities	0.4%	0.2%
Actuarial Gains/(Losses) Recognised in STRGL	(424)	(2)
Percentage of the Total Present Value of Liabilities	(17.1%)	(0.1%)

Notes

Notes To The Financial Statements

18. Key corporate financial targets

The key corporate financial targets as agreed with the Department of Agriculture and Rural Development for the new programmes are a comparison of actual expenditure against budgeted expenditure during the year. The results achieved in the year to 31 March 2007 were as follows:

	Budgeted expenditure to 31/03/07 £	Actual expenditure to 31/03/07 £	Variance £
Corporate Services			
Core Costs	406,012	406,012	-
Operations			
Administration and Technical Support	230,753	184,812	45,941
Grants	1,485,000	1,387,402	97,598
	<u>1,715,753</u>	<u>1,572,214</u>	<u>143,539</u>
Policy and Regional Development			
Policy and Regional Development	85,000	85,000	-
Peace II			
Administration Extension	179,512	155,558	23,954
Administration	27,227	90	27,137
Development Support	59,310	59,310	-
	<u>266,049</u>	<u>214,958</u>	<u>51,091</u>
IFI			
Administration	61,058	44,555	16,503
Rural Retail	147,560	147,560	-
Community Bridges	86,444	60,228	26,216
Making Connections	99,000	2,615	96,385
Rural Service Centre Hubs	137,400	57,517	79,883
Vibrant Villages	89,987	89,987	-
Rural Halls	121,500	4,114	117,386
	<u>742,949</u>	<u>406,576</u>	<u>336,373</u>
Total expenditure	3,215,763	2,684,760	531,003

The above figures will not match those reported in the Income and Expenditure account as they have been prepared on a cash basis rather than the accruals basis of accounting.



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